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SUBJECT: IRAQ: FIRST USG WORKING MEETING WITH NEW MINISTER
OF AGRICULTURE

¶1. (SBU) Summary. On August 13, IRMO, USDA, USAID, and Econoff met with new Minister of Agriculture, Dr. Yaarub Nadhum Al-Obodi; the Deputy Minister, Dr. Subhi Al-Jumaily; and the Director General for Planning, Mr. Sabah. This meeting was only the second between post officials and the minister, although post has made frequent requests for meetings. USAID presented the results of the ARDI program. USDA discussed its programs to assist the GOI in agriculture, US support for the poultry industry through private industry programs, and animal health issues regarding avian influenza (AI) and import issues, such as the ban on US beef imports into Iraq due to BSE concerns. IRMO discussed a current USG program to set up a modern food testing laboratory in Iraq. The Ministry of Agriculture (MoA) expressed keen interest in setting up the laboratory. Econoff inquired about the GOI's tariff program and was told an extensive tariff schedule has been developed with tariff rates ranging from 0% to a maximum of 15%. MoA officials were critical of some past USAID program because, they argued, the projects were not coordinated with the MoA, and in some cases provide inadequate or inappropriate assistance. The MoA was also critical of the USDA poultry program which it believes does not help poor farmers. The MoA said it wants to move forward with the USG in closer cooperation and more information sharing that will address some of the concerns with prior agricultural programs. End Summary.

¶2. (U) On August 13 IRMO's Senior Consultant for Agriculture, the Agricultural Attach from USDA, USAID's Deputy Director of the Office of Economic Growth and Agriculture, and Econoff held their first working meeting with the new Minister of Agriculture, Dr. Yaarub Nadhum Al-Obodi; the Deputy Minister, Dr. Subhi Al-Jumaily, and Mr. Sabah the Director General of Planning (DG). The minister opened the meeting noting the importance of the agricultural sector to Iraq, and asked for further USG assistance.

¶3. (U) USAID presented an overview of the agricultural projects under the Agriculture Reconstruction and Development Program for Iraq (ARDI), noting that ARDI is scheduled to be phased out at the end of 2006, and provided an updated list of all ARDI accomplishments as well as future planned activities. USAID noted that ARDI is collaborating with the MoA on several specific initiatives, namely the national water strategy for Iraq, an agro-ecological zone mapping center for use as a planning information tool, and a wholesale price monitoring and information system for vegetables, fruits, meats and dry goods in 18 major agricultural markets nationwide. USAID

asked for MoA's views on activities related to growing a vibrant and competitive agribusiness sector in Iraq.

¶4. (SBU) The deputy minister stated that USAID should be more of a partner so that the goals of the MoA can be reached. He indicated that there is a need for more cooperation between USAID and the MoA, and that there are "different views" between USAID and the MoA with regard to how to develop projects. Dr. Subhi mentioned that there is good collaboration in some projects, such as agriculture statistics training in the agro-ecological mapping projects. The DG emphasized that the relationship between USAID and the MoA needs to be strengthened because the MoA believes some projects undertaken in ARDI were not very relevant to Iraq's needs. Mr. Sabah specifically mentioned the olive oil project that, he believed, had received inappropriate equipment which he criticized as used and outdated. He suggested that the MoA needs to review the projects with USAID in order to ensure the MoA can provide information that will help the project implementers. The deputy minister stated that in the past the MoA tried to evaluate project ideas with USAID, but the MoA was informed that the work was being performed under contractual agreements with implementing partners, and so consultations were unnecessary. He emphasized that there is a great need to "sit together" with USAID to determine project priorities.

¶5. (SBU) The minister said he would like to evaluate ARDI's programs and projects, and stated there is a need to share all information. The DG highlighted some areas of concern that have been discussed in the past with US agencies, stating that the MoA's concerns have not been addressed in the agriculture projects undertaken by the implementers. The

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DG specifically mentioned that the soil salinity problem in central and southern Iraq has not been investigated although the MoA is now undertaking some wheat project work in these areas. Mr. Sabah said that the farmer micro loan program of the Agriculture Cooperative Bank (ACB) has been very successful, and that the program needs more funding in order to help more farmers. (Comment. Since solid statistics are hard to come by in Iraq, the success of this program is difficult to assess independently. End Comment.)

¶6. (SBU) IRMO informed the MoA that it has recommended that the GOI invest more money in its farmer micro loan program, and assist the ACB to open up other credit programs for the agriculture community. IRMO also indicated that agribusiness development will be a major program area in the next two to three years, and that IRMO plans to establish some credit programs for agribusiness development, although it is not certain when such programs will begin. The deputy minister said that the farmer micro loan program of the ACB needs additional funding now and cannot wait for the GOI to provide it. The MoA has asked the GOI for more funding, but as yet there has not been any response according to the deputy minister.

¶7. (SBU) The DG indicated that assistance is needed in many provinces of Iraq with regard to integrated pest management (IPM). Technology and funding are needed so that a meaningful IPM program can be implemented in the target provinces, and he recommended that the USG put this type of program on its development agenda. The deputy minister said that there is clearly no objection to developing programs to assist agribusiness in Iraq, but there should be more collaboration with the MoA in planning these programs. He re-emphasized that the MoA would like to examine the results of past projects in order to develop clear directions for future projects. IRMO reminded the minister and deputy minister that post's Joint Agriculture Task Force (JATF) was created nearly a year ago so that all

major agencies and groups working in the agriculture sector, and the MoA, could meet on a regular basis to coordinate activities and communicate results. Dr. Subhi stated that the MoA will appoint a representative to the JATF, and the representative will be able to attend the next JATF meeting in the International Zone (IZ).

¶18. (SBU) USDA summarized the August 1 visit to Baghdad by the US Secretary of Agriculture. The joint agreement to enhance the agriculture education and extension capacities of Iraq, signed during the Secretary's visit, includes several ministries in addition to the MoA. USDA presented copies of the agreement in Arabic and English to the minister. USDA said it will send specialists in strategic planning, extension/education, and food safety from the U.S. to Baghdad to work with the MoA. The specialists could arrive in September. USDA outlined its support for Iraq's poultry industry through the Food for Progress program and the US Grains Council's revolving credit project. The DG sharply criticized the project because he believes that the more prosperous poultry producers were being helped, and not many other poorer farmers and livestock breeders.

¶19. (SBU) The DG also noted that the water buffalo is an important animal in many parts of the country, especially the south, but that there are no programs to assist owners or the broader livestock sector. USDA explained that the revolving credit for the poultry producers is a private sector program to assist the commercial poultry producers in Iraq, and was not a program that could be modified by the USG in the manner the DG suggested.

¶110. (SBU) USDA explained that it and other agencies are ready and willing to collaborate with the MoA on animal health issues, in particular with respect to AI. Although there has been a quiet period during the past months, a reoccurrence of AI could occur and the MoA will need to be prepared. USDA stated that there are many different agencies of the GOI -- MoA, Ministry of Trade (MoT), Ministry of Health (MoH) -- with equities in food safety regulations. Enforcement of these regulation and food safety rules should be based on science, and be consistent with international standards and WTO principles. USDA brought up the case of Iraq's ban on US beef products due to bovine spongiform encephalopathy (BSE) concerns, even though other US trading partners (such as Japan) have

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re-opened their markets to US beef and beef products. The DG asked if USDA could provide some type of "international document" to indicate the safety of US beef products, including an indication that the U.S. is "BSE-free." USDA explained that the U.S. cannot say it is BSE-free, but that US programs far exceed the guidelines of the OIE (World Animal Health Organization) and, based on these guidelines, trade in US beef is accepted. USDA suggested that this topic requires a separate meeting with MoA officials so that all pertinent and relevant technical information can be exchanged.

¶111. (SBU) Econoff asked about the actions being taken in the MoA with regard to agricultural product import tariffs, and who is the appropriate point of contact at the MoA for this issue. The deputy minister stated that he is the proper contact since he chairs the inter-ministerial committee (MoA, Ministry of Finance, MoT, and the Central Bank of Iraq) that is developing and setting the new tariff schedules. The DG explained that the committee has already studied the tariff schedules of 27 countries worldwide, and hopes to have its final recommendation ready to be sent to the GOI cabinet before the end of 2006. The proposed tariffs range from 0% to a maximum of 15%. According to the deputy minister the document runs to approximately 200 pages, but the MoA could not at this time provide a copy of the schedule to the USG. The DG also mentioned that the

MoA is beginning to review a plan to change the agricultural subsidy systems from subsidizing inputs to subsidizing outputs.

¶12. (U) IRMO outlined USG interest in assisting Iraq in setting up a modern food analysis laboratory. Possible locations and contact persons need to be determined very soon or the funding will expire. IRMO told the MoA that the USG was ready to purchase laboratory equipment for a food analysis laboratory that can conduct all the necessary analyses and assays of food articles for export. IRMO suggested that the MoA consider meeting with post officials to discuss possible locations of the laboratory and the equipment needs. The deputy minister indicated that he would be willing to meet in the IZ to discuss equipping the laboratory. He mentioned that it would be necessary to discuss this project with other ministries (MoH, MoT) because the responsibilities for conducting food analyses are spread across the different ministries.

¶13. (SBU) Comment: The meeting was cordial overall, although the MoA criticized USAID for failing to coordinate programs with the MoA. USAID countered that the earlier programs were developed under the CPA, and that it would work closely with the MoA in the future. With regard to the DG's especially strong criticism of the poultry programs, it seemed the DG does not fully understand how the program was developed, and the difference between private and public programs. The deputy minister did commit to sending a representative to the next JATF meeting in the IZ, which has been a long running request by the USG side. Post hopes that MoA's participation in the JATF will lay the groundwork for smoother relations and better communication between the USG and the MoA on issues of cooperation, information exchange and program development. End Comment.
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